

1992 BILL 11

Fourth Session, 22nd Legislature, 41 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 11

**PETROLEUM MARKETING
AMENDMENT ACT, 1992**

THE MINISTER OF ENERGY

First Reading

Second Reading

Committee of the Whole

Third Reading

Royal Assent

BILL 11

1992

PETROLEUM MARKETING AMENDMENT ACT, 1992

(Assented to _____, 1992)

HER MAJESTY, by and with the advice and consent of the
Legislative Assembly of Alberta, enacts as follows:

1 The Petroleum Marketing Act is amended by this Act.

2 Section 13 is repealed and the following is substituted:

13(1) The Commission has the capacity and, subject to this Act, the rights, powers and privileges of a natural person.

(2) The Commission, in the conduct of its business and affairs, may exercise its rights, powers and privileges in the course of

- (a) carrying on the business of acquiring, selling and exchanging crude oil, condensate and synthetic crude oil and products of any of them and engaging in activities related or incidental to that business,
- (b) exercising and performing its functions under this or any other enactment, and
- (c) acting in any other circumstances as an agent of the Crown in right of Alberta.

Explanatory Notes

1 This Bill will amend chapter P-5 of the Revised Statutes of Alberta 1980.

2 Section 13 presently reads:

13 The Commission may

- (a) acquire, sell or exchange petroleum or pentanes plus;*
- (b) acquire, sell or exchange products derived from oil sands;*
- (c) act as an agent or broker in connection with a purchase, sale or exchange of petroleum or pentanes plus;*
- (d) act as an agent or broker in connection with a purchase, sale or exchange of products derived from oil sands;*
- (e) construct, purchase, lease or otherwise acquire, operate and dispose of storage facilities for petroleum or pentanes plus and pipelines for the transmission of petroleum or pentanes plus to and from those storage facilities;*
- (f) purchase, lease or otherwise acquire and construct, operate and dispose of*
 - (i) storage facilities for products derived from oil sands, and*

3 Section 15 is amended

(a) in subsection (1)

(i) by striking out “The Commission” and substituting “Subject to the regulations, the Commission”;

(ii) in clause (b) by striking out “subject to subsection (2),”;

(b) by repealing subsection (2).

4 Section 16(1) is amended by adding “delivered to it” before “pursuant to section 15”.

5 Section 18 is amended

- (ii) *pipelines for the transmission of products derived from oil sands to and from the storage facilities referred to in subclause (i);*
- (g) *acquire, hold and sell or otherwise alienate any estate or interest in real property;*
- (h) *make any banking arrangements that are necessary for the conduct of its business and affairs;*
- (i) *draw, make, accept, endorse, execute and issue promissory notes, bills of exchange and other negotiable and transferable instruments;*
- (j) *do any act incidental to or in connection with the exercise of any of its powers under this or any other Act.*

3 Section 15 presently reads:

15(1) The Commission

- (a) *shall accept delivery within Alberta of the Crown's royalty share of the crude oil recovered pursuant to an agreement and required to be delivered to it by section 117 of the Mines and Minerals Act, and*
- (b) *subject to subsection (2), shall sell the Crown's royalty share of crude oil at a price that is in the public interest of Alberta.*

(2) When it accepts delivery of any crude oil pursuant to subsection (1)(a), the Commission may arrange for the storage of that crude oil in Alberta until the time it has arranged for the sale of that crude oil at a price that is in the public interest of Alberta or for the utilization of that crude oil in Alberta.

4 Section 16(1) presently reads:

16(1) When the Commission wishes to arrange for the storage of crude oil pursuant to section 15, the Commission may

- (a) *direct the operator of a pipeline to transmit the crude oil by his pipeline to a storage facility in Alberta designated by the Commission or to a point in Alberta designated by the Commission that is enroute to a storage facility, or*
- (b) *subject to subsection (2), direct the owner of any storage facility in Alberta to accept the crude oil for storage and to store it in that storage facility,*

subject to the payment of compensation for it by the Commission in accordance with subsection (3) or (4).

5 Section 18 presently reads:

(a) *in subsection (2) by adding the following after clause (b):*

- (c) respecting the respective rights, powers, liabilities and obligations of the Commission, lessees and others in the event that the quantity of crude oil delivered to the Commission under this Part in a month is less than or greater than the Crown's royalty share of the crude oil actually payable in respect of that month.

(b) *by adding the following after subsection (2):*

(3) Without limiting the powers of the Lieutenant Governor in Council under subsection (2)(c), regulations may be made under that clause

- (a) respecting the powers of the Commission, in the event of a deficiency in deliveries of the quantity of the Crown's royalty share of crude oil under an agreement in a month, notwithstanding section 117 of the *Mines and Minerals Act*,
 - (i) to accept the payment of money in lieu of delivery of the deficient quantity, or
 - (ii) to direct the payment to the Commission of an amount of money determined by it in accordance with the regulations as the value to the Crown of the deficient quantity;
- (b) respecting the powers of the Commission, in the event of deliveries of crude oil to the Commission in a month in excess of the quantity of the Crown's royalty share of crude oil for that month, to act as the agent of the owner of the excess quantity for the sale and delivery of the excess quantity to a purchaser in accordance with the regulations.

(4) Where money is paid to the Commission pursuant to regulations under subsection (3)(a),

18(1) Subject to this section, the delivery to the Commission of the Crown's royalty share of crude oil recovered pursuant to an agreement operates to discharge the lessee with respect to his liability to pay that royalty to the Crown in right of Alberta.

(2) The Lieutenant Governor in Council may make regulations

- (a) respecting the reports and other information required to be supplied to the Commission by lessees and others for the purposes of this Part;*
- (b) respecting the imposition of pecuniary penalties payable to the Commission for the late filing of any report or other information required to be supplied to the Commission by the regulations.*

- (a) the money shall be deemed to be payable under an agreement and to be proceeds from the sale of crude oil for the purposes of section 17 and shall for all other purposes be deemed to be a money royalty payable on crude oil under an agreement, and
- (b) the payment of the money operates to discharge the lessee of an agreement with respect to the lessee's liability to pay royalty on crude oil to the Crown in right of Alberta to the extent that the money represents the value of the royalty on crude oil as determined under the regulations.

(5) A failure to comply with the regulations under this section in respect of an agreement shall, for the purposes of section 44(1)(c)(i) of the *Mines and Minerals Act*, be deemed to be a failure to comply with that Act in relation to the agreement.

(6) Reports and other information supplied to the Commission pursuant to regulations under this section shall, for the purposes of section 39 of the *Mines and Minerals Act*, be deemed to be supplied under that Act.

